



Integrated Country Strategy

Latvia

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1. Chief of Mission Priorities

Latvia is a reliable and eager NATO ally, with a strong transatlantic orientation reflected in its desire to expand economic ties with the United States and work together to promote our shared values regionally and around the world. As Europe faces increasing external challenges from a resurgent and adversarial Russia, Latvia and the United States are working to develop coordinated bilateral and multilateral policies to protect our shared national interests.

As a steadfast NATO ally, Latvia has answered the call to increase defense spending, and was among the first to surpass two percent of GDP in 2018. In 2017, Latvia welcomed a Canadian-led enhanced Forward Presence (eFP) NATO Battle Group, which has eight contributing nations as of 2018. Providing ongoing support to Afghanistan and Iraq as a member of the defeat-ISIS coalition, Latvia continues to support most U.S. global security priorities. Effectively incorporating NATO and U.S. military assets and investments into Latvian defense structures remains a top mission priority. Our principled commitment to Latvia's sovereignty and independence includes cooperation to improve border security, cyber integrity, and resistance to hybrid warfare techniques.

Despite its strong Transatlantic orientation, Latvia faces vulnerabilities that hinder economic growth and undermine economic and social stability. The most serious of these vulnerabilities is corruption, including reports of serious corruption in almost every major sector of government and society, including: government procurement, healthcare, construction, EU-financed development projects, the insolvency and judicial systems, banking, transportation, and media. Latvia's banking sector remains a major vulnerability, a victim of weak oversight that led to several widely publicized cases of money laundering. Although the Latvian government under Prime Minister Karins has shown a renewed commitment to bank regulation and confronting money laundering, the banking sector and the risk of money laundering remain vulnerabilities. Latvia likewise needs to overcome social divisions between native Latvian- and Russian-speakers and the highest level of income inequality in the EU. As long as these divisions remain, social cohesion will remain weak, and both internal and external malign actors will continue to use the divisions as potent wedge issues to exploit. While the Chinese economic presence in Latvia remains small, it is growing.

Latvia lost nearly one quarter of its GDP during the 2008 financial crisis. Although the economy is now growing at a healthy pace, it only recently reached its pre-crisis peak, and demographic and geopolitical challenges cloud the future. More than seventeen percent of Latvian residents have emigrated since 2001, largely for economic reasons, and a recent UN report predicts an additional 15 percent decline by 2050. This rate could increase significantly should the country face renewed economic hardships.

We have identified four mission goals that will enhance Latvia's capacity to resist Russian and other malign influence, contribute to our mutual security objectives, strengthen our economic partnership, and enhance our shared values. In order to achieve these goals, it is critical the

Mission have the right human and financial resources as outlined in the management objectives.

Latvia Engages Actively on Regional and Global Challenges

Latvia is making tangible contributions to international security, and we will continue to support its efforts outlined in Latvia's State Defense Concept and Armed Forces Development Plan to better address national territorial defense and border security challenges, as well as participate effectively in regional and international security operations. Latvia must use its increased resources strategically to ensure the interoperability of its forces with NATO allies and develop defensive capabilities in line with NATO development targets. With our help, Latvia will be able to strengthen territorial and regional defense and contribute to NATO's deterrence of a resurgent Russia.

Stronger Economic Ties Promote Growth

One of the few good news stories to emerge from Latvia's economic crisis was the doubling of U.S.-Latvia trade between 2009 and 2011. Continued weakness in Europe's economy should result in greater Latvian focus on the United States as an export market and investment opportunity. We must take advantage of this opening to deepen our bilateral economic relationship. Sustained increases in U.S.-Latvia trade will mean, among other things, job creation in the United States, with a particular focus on growth sectors such as transportation and logistics, information technology, and energy.

Latvia must continue the structural reforms it initiated during the economic crisis, including a more aggressive fight against corruption and illicit financial activity. Absent this push, corruption is pushing foreign and domestic investors away and driving Latvia's youth to pursue jobs elsewhere. Continuing these reforms will enhance Latvia's competitiveness and create a business climate that invites international investment and local innovation. We will assist the Latvian government on its path to reform through our efforts to build government, judicial, and regulator capacity, and encourage more active NGO and public advocacy for reforms.

Latvian Society Supports Transatlantic Values and a close relationship with the United States

Latvia eagerly shares its experiences with transitioning countries that are not as far along the path toward democracy and free enterprise. We will encourage Latvia to expand its assistance efforts, particularly to the Eastern Partnership and the Emerging Donors Challenge Program for Central Asian countries. Latvia shares with these countries the complicated legacy of the Soviet Union and therefore can draw on its own transition experience to mentor them on the path to democracy and stability.

To continue progress on our agenda of shared Transatlantic values, we will need to sustain and increase public support for the bilateral relationship, making use of the full range of public

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diplomacy tools at our disposal. Consistent people-to-people interactions reinforce and maintain the special relationship we have enjoyed, dating back to Latvian independence in 1918. We must expand outreach to the younger generation of Latvians, who have no memory of the Soviet period, to help build public support for current cooperation and solidify our partnership with Latvia for generations to come. These efforts will also help to ensure that the United States remains a principal strategic partner. Latvia is a small country, far from the United States, and increasingly integrated into Europe. To maintain Latvia's view of the transatlantic relationship as indispensable, we will need to continue to demonstrate, in ways understandable to the public, how Latvia benefits from the close partnership.

2. Mission Strategic Framework

Mission Goal 1: Latvia is able to effectively counter all forms of Russian and other malign influence.

Mission Objective 1.1: Latvian media is objective, independent, and professional.

Mission Objective 1.2: Latvian society is open and inclusive, with an active civil society, promoting unity and tolerance among all citizens, including both Russian and Latvian speakers.

Mission Objective 1.3: Latvia's energy sector is competitive, secure, and regionally integrated.

Mission Objective 1.4 Latvia exercises effective oversight of its banking sector to include prioritizing anti-corruption efforts, anti-money laundering activities, banking sector and judicial reforms, increased transparency, and adherence to international standards.

Mission Objective 1.5 Secure the U.S. border through the strict application of U.S. Immigration laws.

Mission Goal 2: Latvia is a secure and independent NATO ally that effectively contributes to regional and global security.

Mission Objective 2.1: In accordance with Latvian NATO Capability Targets, Latvia strengthens its capacity to monitor and protect its borders, combat hybrid and cyber threats, and deter Russian aggression.

Mission Objective 2.2: Latvia is a substantial regional and international security contributor, whose national armed forces are interoperable with NATO allies and continue to enhance the country's fundamental defensive capabilities.

Mission Goal 3: The Latvian economy is strong and vibrant, with expanded trade and investment ties to the United States, and prosperity is shared across society.

Mission Objective 3.1: Latvia enjoys sustainable, shared economic growth that enhances its national security and stability and significantly reduces income inequality and emigration.

Mission Objective 3.2: Latvian-U.S. bilateral trade increases across a range of sectors.

Mission Goal 4: Latvia is a leading European partner, ally, and friend of the United States, promoting Transatlantic values and regional cooperation.

Mission Objective 4.1: Latvia is active in multilateral organizations and is an engaged democratic model and mentor in the region and around the world.

Management Objective 1: Successfully recruit and retain locally employed staff by creating an attractive work environment.

Management Objective 2: Provide a safe and secure platform for Mission Latvia to continue strengthening operational effectiveness and efficiencies to achieve policy priorities in a new geopolitical environment.

3. Mission Goals and Objectives

Mission Goal 1: Latvia is able to effectively counter all forms of Russian and other malign influence.

Description and Linkages: The 2017 National Security Strategy (NSS) states that a strong and free Europe is of vital importance to the United States. Latvia, located on NATO's eastern flank and with a sizeable (37 percent) Russian-speaking population, is highly susceptible to Russian influence. This goal also supports NSS goal 4 (Advance American Influence). Additionally, Mission Goal 1 supports Joint Regional Strategy (JRS) Goals 1 (Strengthen the Western Alliance), 3 (Secure and Stabilize the Eastern and Southern Frontiers), and 4 (Uphold Western Democratic Principles and Institutions).

Mission Objective 1.1: Latvian media is objective, independent, and professional.

Justification: The tactics and effectiveness of Russian disinformation efforts and soft power should be evaluated and monitored continuously to better address misinformation and identify opportunities to counter false narratives and build greater resiliency among Latvia's media. The high percentage of Russian speakers in Latvia (37 percent) and issues of integration create a sympathetic audience to the Kremlin. As a result, the media landscape in Latvia is divided by language into two parallel spheres, Latvian and Russian. Latvia's media segmentation tends to reinforce existing ethnic-based differences in Latvian public opinion. While many Russian-language media outlets in Latvia are heavily influenced by pro-Kremlin media in Russia, there are still independent Russian-language outlets with distinct voices from both Moscow (the primary news source for many Russian speakers) and the Latvian-language press. In addition to covering national and international stories, Latvia's Russian-speaking media focuses on issues of concern to their readers. There is declining political will to support Russian-language content on public broadcasting as Latvian Television and Latvian Radio struggle to win market share away from the vastly better funded, and high entertainment value programming produced by Russian state-owned media.

Although the tradition of investigative journalism in Latvia is weak, Riga hosts a small number of investigative media organizations and programs. Media ownership in Latvia is not transparent and calls the objectivity of some large media outlets into question. The ability of regional municipalities to use taxpayer funding to create daily newspapers hurts Latvia's independent regional media and generates an unfair competitive advantage for political purposes. Following the Kremlin's crackdown on independent media, a small group of Russian journalists relocated to Riga and set up independent Russian language news outlets. Latvia should continue to strengthen its investigative journalism capabilities and support burgeoning independent Russian language media as alternatives to Moscow-controlled media sources. Such efforts will contribute to society's ability to withstand misinformation attacks on the values and institutions that underpin free societies.

Mission Objective 1.2: Latvian society is open and inclusive, with an active civil society, promoting unity and tolerance among all citizens, including both Russian and Latvian speakers.

Justification: Latvia has a significant Russian-speaking minority, with Russian the primary language of approximately 37 percent of the population. About one-third of this group, or nearly 11 percent of Latvian residents, lack citizenship and are officially termed "non-citizens." Naturalization requirements – including proficiency in Latvian and a thorough understanding of Latvian history and culture – deter non-residents from seeking citizenship. While open conflict between Latvian and Russian speakers is rare, differences over the core issues of citizenship, language status, and educational reforms create fractious coalitions and deep-rooted mistrust among political parties. Recent policies have done little to promote social cohesion and inclusivity. In 2018, the Saeima passed legislation requiring all core subjects in high schools to be taught exclusively in Latvian by 2020. As a result, so-called Russian schools in Latvia, teaching mostly in Russian, will need to provide core subject instruction in Latvian.

Civil society is hampered by funding issues and a Soviet-era legacy of limited public support. Freedom of assembly and association are protected by law and in practice, and the government does not restrict the activities of nongovernmental organizations (NGOs). While 14,500 associations and 1,000 foundations are registered in Latvia, many of these formal NGOs possess limited institutional capacity due to insufficient funding. The government compounded funding issues for NGOs in 2018 by changes to the tax code that discouraged individual and corporate donations to groups. Many groups devote significant resources to fund-raising efforts, subtracting from their stated missions; heavy reliance upon volunteers further reduces NGO effectiveness. A general resource gap, compounded by the relatively short history of civil society in Latvia, limits the scope of many groups, as well as their influence in political and social circles.

Mission Objective 1.3: Latvia's energy sector is competitive, secure, and regionally integrated.

Justification: Latvia has one of the highest energy dependency rates in the EU, importing most natural gas and 17 percent of its electricity from Russia. Given this

potential vulnerability, the government views regional energy security and diversification efforts as top strategic priorities. Latvia's key asset is its underground gas storage facility in Incukalns, which could serve as a lynchpin of a regional gas market. In accordance with its EU obligation to implement the Third Energy Package, Latvia has implemented reforms to open its gas market. Latvia has eagerly supported a range of EU co-financed energy projects to help diversify regional energy supplies, and it views the Gas Interconnector Poland-Lithuania (GIPL) pipeline and desynchronization from Russia's electrical grid as priority projects.

Mission Objective 1.4 Latvia exercises effective oversight of its banking sector to include prioritizing anti-corruption efforts, anti-money laundering activities, banking sector and judicial reforms, increased transparency, and adherence to international standards.

Justification: The Government of Latvia should support anti-corruption efforts to improve the ease of doing business, strengthen the rule of law, promote strong institutions and government accountability, reduce impunity, and improve private sector and civil society engagement, and institutional reform. This goal aligns with the National Security Strategy, particularly in promoting opportunities for U.S. businesses, strengthening regional stability, and reinforcing democratic institutions.

Mission Objective 1.5 Secure the U.S. border through the strict application of U.S. Immigration laws.

Justification: Presidential Proclamation 9645 states that, "It is the policy of the United States to protect its citizens from terrorist attacks and other public-safety threats," and "information-sharing and identity-management protocols and practices of foreign governments are important for the effectiveness of the screening and vetting protocols and procedures of the United States." Under the Proclamation, the Department of Homeland Security, in consultation with the Department of State and other agencies, must report regularly to the President on the status of foreign government performance against baseline information-sharing and identity-management criteria. Nationals of countries deemed deficient in these areas may be subject to entry and visa restrictions under the Proclamation.

As outlined in Sections 5 and 12 of Executive Order 13768, the U.S. government believes that, under international law, every state is obliged to accept the return of all its nationals that another state seeks to expel, remove, or deport. It is imperative that countries identified by ICE as Uncooperative or ARON make significant efforts to (1) issue travel documents within the International Civil Aviation Organization (ICAO) standard of 30 days; (2) agree to accept the physical return of their nationals by commercial and charter flights, as appropriate (3) agree to conduct interviews to confirm nationality, as appropriate; and (4) develop an enduring and consistent system through which ICE officials can work directly with consular officials in the United States to obtain travel documents expeditiously for nationals subject to orders of removal.

Under INA 243(d), DHS may designate a country as delaying or denying the return of their citizens or nationals, resulting in the discontinuation of at least some visa service.

Mission Goal 2: Latvia is a secure and independent NATO ally that effectively contributes to regional and global security.

Description and Linkages: The 2017 National Security Strategy (NSS) states that a strong and free Europe is of vital importance to the United States. This goal also supports NSS Pillars 1 (Protect the American People, the Homeland, and the American Way of Life), 3 (Preserve Peace Through Strength), and 4 (Advance American Influence). Additionally, Mission Goal 1 supports Joint Regional Strategy (JRS) Goals 1 (Strengthen the Western Alliance) and 3 (Secure and Stabilize the Eastern and Southern Frontiers). Finally, Mission Goal 1 supports the Joint Strategic Plan (JSP) Goal 1: Protect America's Security at Home and Abroad.

Mission Objective 2.1 In accordance with Latvian NATO Capability Targets, Latvia strengthens its capacity to monitor and protect its borders, combat hybrid and cyber threats, and deter Russian aggression.

Justification: Latvia's status as a NATO front-line state has taken on greater importance in the current geopolitical environment, and Latvian leaders have consistently expressed concern about Russia's intensifying threat of "hybrid warfare" in the Baltic states – which includes border and air space incursions, and cyber attacks.

Having observed Russia's military incursion into eastern Ukraine, which depended in part on the Ukrainian government's inability to control its border, Latvian officials have grown concerned about deficiencies in their own border security. Recognizing a lack of coordination between its security services, Latvia is developing an integrated strategy to better secure its border, and it has identified significant needs for improved equipment and training. Latvia's cyber security posture has also been tested in recent months, and its cyber defense capabilities are in need of additional investment, training, and international collaboration.

U.S. goals include countering Russian influence and strengthening alliances and partnerships. Continued realization of NATO capability targets will increase deterrence and communicate clearly to Russia that Latvia's territorial sovereignty will be defended by the Alliance.

Mission Objective 2.2 Latvia is a substantial regional and international security contributor, whose national armed forces are interoperable with NATO allies and continue to enhance the country's fundamental defensive capabilities.

Justification: Russian threats to destabilize NATO and the crisis in Ukraine have galvanized political support to invest 2 percent of GDP on defense spending. Latvian military assets are relatively small in scale, requiring a regional approach and the integration of neighboring and NATO contributing nations' military forces to achieve a

credible deterrent posture. Baltic geography and the asymmetry between NATO and Russian capabilities in the region dictate that a credible deterrent threat must be built on organic capabilities that already exist in the region at the outset of a crisis. Thus Latvian fundamental defensive capabilities are focused on identification of indicators and warnings of a developing Russian threat across the entire spectrum of conflict, including cyber, hybrid, and information operations based threats and the defense of these threats. Latvian forces contribute to NATO activities in the Baltics and abroad and therefore their conventional forces must improve their abilities to conduct military operations across the spectrum of conflict in order to meet NATO capabilities targets.

Mission Goal 3: The Latvian economy is strong and vibrant, with expanded trade and investment ties to the United States, and prosperity is shared across society.

Description and Linkages: Mission Goal 2 supports NSS Pillar 2: Promote American Prosperity by increasing the economic ability of an emerging member of America's largest, most prosperous trading partner, the EU. It supports JRS Goal 2 Strengthen and Balance the Transatlantic Trade and Investment Relationship and JSP Goal 2: Renew America's Competitive Advantage for Sustained Economic Growth and Job Creation.

Mission Objective 3.1 Latvia enjoys sustainable, shared economic growth that enhances its national security and stability and significantly reduces income inequality and emigration.

Justification: Latvia's economic development is hampered by a slow judicial system, economic emigration, and a widespread perception of corruption in both the public and private sectors. Latvia is the third-poorest EU country and has the highest income inequality in the EU. Having lost one-sixth of its population to emigration since 2001, officials are preoccupied with how to encourage the sizable Latvian diaspora to return home, in particular the skilled workers who departed in the wake of the economic crisis. The government's efforts in this area have met with mixed success. To boost economic growth, the government must develop a national strategy which includes supporting entrepreneurship and innovation.

The Ministry of Justice has made judicial reform a priority, but resistance from sitting judges has slowed progress. To effectively reduce corruption, Latvia must strengthen its oversight of the banking sector, continue judicial reforms, and prioritize anti-corruption efforts. Strengthening civil society capacity and public awareness of the costs of corruption will also help drive change.

As Latvia experiences low birth rates and economic migration, Latvian authorities have been moving to limit intercountry adoption to institutionalized children and excluding those in foster care from being eligible for intercountry adoption. This shift is demonstrative of an effort to address the population crisis exacerbated by low birth rates and economic emigration. However, excluding children in foster care from intercountry adoption may have adverse effects on children seeking permanency, as appropriate structures have not yet been created in Latvia to assist these children to

find permanent homes domestically. Currently, children in foster care make up a large portion of children who are being adopted internationally, many of which are “harder-to-place” children (older children or children with special needs) who have not been able to find permanent families in Latvia.

Mission Objective 3.2 Latvian-U.S. bilateral trade increases across a range of sectors.

Justification: Latvia’s economy contracted sharply during the 2008-09 economic crisis, as its GDP fell about 25 percent and economic migration to other parts of the EU intensified. The government instituted severe austerity policies in response to the crisis; these were deeply unpopular with the public at the time, but are now viewed by many in the government and general public with a sense of pride. Although the economy has only recently recovered to its pre-crisis levels, it now has one of the fastest-growth rates in the EU. Nevertheless, the country remains relatively poor by EU standards; its per capita income is well below the Eurozone average, and more than a third of the population is considered to be at risk of poverty or social exclusion.

Given the importance of trade to the Latvian economy and concerns about possible economic damage from sanctions or the diversion of trade routes by Russia, the government strongly supports efforts to expand trade with the United States.

Mission Goal 4: Latvia is a leading European partner, ally, and friend of the United States, promoting Transatlantic values and regional cooperation.

Description and Linkages: Mission Goal 3 supports NSS Pillar 4: Advance American Influence. It also supports JRS Goal 4 Preserve Western Democratic Principles. Furthermore, Mission Goal 3 supports JSP Goal 3: Promote American Leadership through Balanced Engagement.

Mission Objective 4.1 Latvia is active in multilateral organizations and is an engaged democratic model and mentor in the region and around the world.

Justification: Even before the onset of the crisis in Ukraine, Latvia championed acceleration of the EU’s negotiations with Moldova and Georgia to conclude Association Agreements and was the first EU state to ratify the Association Agreement with Ukraine. Citing a shared history and a common facility with the Russian language, Latvia sees itself as a mentor to former Soviet republics on their paths to democracy and free market economies. Latvia also has credibility and reach in these countries that the United States does not always enjoy.

Latvia also participates in the European Mission to support and train police in Afghanistan and has undertaken a project in cooperation with Kabul Polytechnic University to train railroad engineers.

4. Management Objectives

Management Objective 1: Successfully recruit and retain locally employed staff by creating an attractive work environment.

Justification: Since 2010 Riga's Locally Employed (LE) Staff have seen a dramatic and continued decline in their standard of living, especially at lower pay grades. In fact, the average net wage in Latvia is the fourth lowest in the EU, or about 47 percent of the average in other member states. Many Latvians might be tempted to stay in Latvia or return home after studying or working abroad if living expenses roughly corresponded to wages, but living expenses in Latvia are actually 67 percent of the EU average.

Rapid inflation and wage growth across Latvia have made Embassy Riga's salaries less competitive than ever. As a result, post's attrition rate has skyrocketed from 2 percent in 2010 to 11 percent in 2018. Post is simply not attractive to qualified applicants, receiving an average of five applications per position in 2018—without regard to the applicants meeting minimum qualifications or not. For some positions, we received zero qualified applicants.

The addition of 5 U.S. Direct Hire (USDH) positions in 2017-2019 has increased workloads for ICASS FSNs, particularly in Motorpool and Budget and Fiscal. The Embassy's two-person motorpool cannot support visitors and Post's busy outreach and travel schedule. Embassy Riga's voucher examiners process far more vouchers than the EUR bureau average.

Management Objective 2: Provide a safe and secure platform for Mission Latvia to continue strengthening operational effectiveness and efficiencies to achieve policy priorities in a new geopolitical environment.

Justification: Latvia is a well-established Mission that operates from a New Embassy Compound (NEC), completed in 2011. The relatively new compound provides an exceptional foundation to support most of Mission Latvia's strategic requirements, but the building has reached its capacity. Post will take a holistic approach, working closely with OBO, in creating a realistic office design plan that will accommodate projected growth. Each office must carefully consider space limitation when requesting additional personnel. In addition to the new compound, the Embassy leases a 1037 sm warehouse that provides regional support to Riga, Tallinn, and Vilnius. Embassy Riga's Management Section uses creative Overseas Cost-Containment Initiative (OCCI) projects to the maximum extent possible (5-8 projects per year) and anticipates cost savings of over \$40k each year from 2018. For example, reducing electricity costs and addressing seasonal light issues through the installation of innovative LED lighting systems.